

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Component Unit Financial Statements
As of and for the Year Ending
December 31, 2012

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NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Component Unit Financial Statements
As of and for the Year Ended December 31, 2012
With Supplemental Information Schedule

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KAREN M. HOLLIS, CPA

Independent Accountant's Compilation Report

To the Members of the Police Jury
Northside Utility District No. 2
Richland Parish Police Jury
Rayville, Louisiana


I have compiled the accompanying component unit financial statements of the Northside Utility District No. 2, a component unit of the Richland Parish Police Jury, as of and for the year ended December 31, 2012. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Northside Utility District No. 2 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Northside Utility District No. 2 in presenting the financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



June 20, 2013
Rayville, Louisiana

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STATEMENT A

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

Statement of Net Position

December 31, 2012

ASSETS

Current assets:

Cash	\$37,552
Receivables (net of allowances for uncollectibles)	0
Total current assets	<u>37,552</u>

Noncurrent assets:

Restricted cash	25,590
Property, plant and equipment (net of accumulated depreciation)	0
Total noncurrent assets	<u>25,590</u>
Total assets	<u>63,142</u>

LIABILITIES

Current liabilities:

Accounts, salaries, and other payables	\$0
Customer deposits	20,495
Total current liabilities	<u>20,495</u>
Total liabilities	<u>\$20,495</u>

NET POSITION

Net investment in capital assets	\$0
Unrestricted	42,647
Total net position	<u>\$42,647</u>

See accompanying notes and accountant's report.

STATEMENT B

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

**Statement of Revenues, Expenses, and
Changes in Net Assets**

For the Year Ended December 31, 2012

Operating Revenues	
Water and sewer fees	\$36,466
Miscellaneous	0
Total Operating Revenues	<u>36,466</u>
 Operating Expenses	
Accounting	400
Maintenance	3,288
Materials and supplies	311
Office supplies	542
Taxes, licenses and permits	1,540
Utilities	974
Cost of water and sewer	22,201
Depreciation	9,161
Total Operating Expenses	<u>38,417</u>
 Operating Income (Loss)	<u>(1,951)</u>
 Nonoperating Revenues (Expenses)	
Intergovernmental Grant	122,540
Interest earnings	47
Total Nonoperating Revenues (Expenses)	<u>122,587</u>
 Income Before Contributions and Transfers	<u>120,636</u>
 Transfers-Assets Transferred to Town of Rayville	<u>283,171</u>
	<u>283,171</u>
 Change in Net Position	<u>(162,535)</u>
 Net Position-Beginning	<u>205,182</u>
Net Position-Ending	<u><u>\$42,647</u></u>

See accompanying notes and accountant's report.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

Statement of Cash Flows

For the Year Ended December 31, 2012

Cash Flows From Operating Activities

Receipts from customers and others	\$39,593
Customer meter deposits (net)	1,340
Payments to suppliers	<u>(34,962)</u>
Net Cash Provided by Operating Activities	<u>5,971</u>

Cash Flows From Capital and Related Financing Activities

Increase in restricted cash	(1,365)
State grant for pump improvements	122,540
Capital assets improvements	<u>(125,254)</u>
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(4,079)</u>

Cash Flows From Investing Activities

Interest and dividends received	<u>47</u>
Net Cash Provided (used) by Investing Activities	<u>47</u>

Net Increase in Cash	1,939
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Cash, Beginning of Year	<u>35,613</u>
Cash, End of Year	<u><u>\$37,552</u></u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided
by Operating Activities**

Operating income (loss)	<u>(\$1,951)</u>
Depreciation expense	9,161
(Increase) decrease in accounts receivable	3,126
Increase (decrease) in allowance for uncollectible accounts	0
Increase (decrease) in customer deposits	1,340
Increase (decrease) in accounts payable	<u>(5,705)</u>
Total Adjustments	<u>7,922</u>

Net Cash Provided by Operating Activities	<u><u>\$5,971</u></u>
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See accompanying notes and accountant's report.

NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana

Notes to the Financial Statements
As of and for the Year Ending December 31, 2012

INTRODUCTION

Northside Utility District No. 2 was created by the Richland Parish Police Jury on December 3, 1981. The district is responsible for maintaining and operating a water system and a sewerage collection and disposal system within the boundaries of the district. The district had a contract with the Town of Rayville for water pumping and the sewerage collection and disposal. The district is to be governed by a board of commissioners consisting of five (5) members appointed by the police jury. Each board member is to serve a four (4) year term. The board receives no compensation for their services. The Richland Parish Police Jury was overseeing the operations of the District and no board was present.

In September, 2012, an intergovernmental agreement between the Richland Parish Police Jury and the Town of Rayville was entered and approved by both parties. This agreement transfers all assets of Northside Utility District No. 2 to the Town of Rayville and the Town accepts full operation, maintenance and repair and infrastructure of the district including all billing and collection of user fees, terminating service to users who do not pay for services and any and all other day to day workings and operations of the district. Northside Utility District No. 2 ceased operations as a separate entity with the relinquishing of all assets to the Town of Rayville.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Northside Utility District No. 2 is considered a component unit of the Richland Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, provides that special-purpose governments engage only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

1. Management's discussion and analysis (MD&A)
2. Statement of net position
3. Statement of revenues, expenses, and changes in net position
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Northside Utility District No. 2 is a special-purpose government engaged only in business-type activities.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of Northside Utility District No. 2 are water sales, safe drinking water fees, installation and connection fees, and other operating income. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash and restricted cash includes amounts in interest-bearing demand deposits. State law limits the district's credit risk by restricting the district's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2012, the district has no investments and only interest-bearing demand deposits.

D. Receivables

Accounts receivable consist of amounts due from customers for water service provided prior to year end. Receivables are generally shown net of an allowance for uncollectible accounts. Customer accounts are considered past due when they are not paid by the 15th of the month following the month of services. The customer's meter is locked if amount due is not paid by the 20th of the month following the month of service. Unpaid accounts are written off as bad debts when considered uncollectible by the board.

E. Restricted Assets

Certain resources set aside for refunding of customer meter deposits are classified as restricted assets on the balance sheet because their use is limited. It is the district's policy to use restricted assets first when both unrestricted and restricted assets are available for a specific purpose.

F. Capital Assets

Capital assets, which include land, the water system, tanks, wells, buildings and equipment are reported in the enterprise fund financial statements. Capital assets purchased by the district are capitalized at historical cost. Donated capital assets are recorded at fair market value on the date of the donation. The Northside Utility District No. 2 maintains a threshold level of \$1,000 or more and an estimated useful life of five years or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Water and Sewer Systems	40 Years
Buildings and Equipment	3-20 Years

G. Compensated Absences

The district does not have any full time employees; therefore it does not have a formal vacation or sick leave policy.

H. Long-term Obligations

Long-term liabilities are recognized within the Enterprise Fund. The district has no long-term liabilities at December 31, 2012.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures,

and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2012, the district has cash, restricted cash, and investments (book balances) as follows:

Demand deposits	\$36,316
Interest bearing demand deposits	<u>26,826</u>
Total	<u><u>\$63,142</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. As of December 31, 2012, the district has \$63,142 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance.

3. RECEIVABLES

At December 31, 2012, the district has net receivables of \$0 as follows:

Water and sewer	\$0
Less estimated uncollectibles	<u>0</u>
Net accounts recievable	<u><u>\$0</u></u>

The district uses the allowance method of writing off uncollectible accounts. All receivables were turned over to the Town of Rayville in September 2012 per an intergovernmental agreement between Town of Rayville and Richland Parish Police Jury.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, is as follows:

	Balance at 01/01/2012	Increases	Decreases	Balance at 12/31/2012
Capital assets being depreciated:				
Water system	\$196,033		\$196,033	\$0
Sewer system	161,161		161,161	0
Sewer system	79,904		79,904	0
Improvements	51,444		51,444	0
Improvements-Pump		125,254	125,254	0
Total capital assets being depreciated	488,542	125,254	613,796	0
Less accumulated depreciation for:				
Water system	142,128	3,676	145,804	0
Sewer system	116,841	3,022	119,863	0
Sewer system	67,927	1,499	69,426	0
Improvements	10,625	964	11,589	0
Improvements-Pump	0	0		0
Total accumulated depreciation	337,521	9,161	346,682	0
Total assets being depreciated, net	151,021	116,093	267,114	0
Total assets	\$151,021	\$116,093	\$267,114	\$0

As of September, 2012, all assets of the district were turned over to the Town of Rayville per an intergovernmental agreement between the Town of Rayville and the Richland Parish Police Jury.

5. SUBSEQUENT EVENTS

As of issuance of this report, the Richland Parish Police Jury has absorbed the cash remaining in the operating account of the district. The remaining restricted cash, customer deposits, has not been turned over to the Town of Rayville as of the date of this report. The secretary of the police jury is in the process of analyzing the accounts to have an accurate account of the customers in good standing at the time of transfer to the Town of Rayville. Upon completion, the balance of customer deposits in good standing will be remitted to the Town of Rayville and the Richland Parish Police Jury will absorb the remaining amounts.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY
Rayville, Louisiana**

**Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2012**

Board Member	Amount
Richland Parish Police Jury oversaw operations with no pay	

See accompanying notes and accountant's report.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY**

Schedule II

Current Year Findings, Recommendations and Corrective Action Plan

For the Year Ended December 31, 2012

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
Section II - Internal Control and Compliance Material to Federal Awards:				
Section III - Management Letter				

There are no current year findings.

See accompanying notes and accountant's report.

**NORTHSIDE UTILITY DISTRICT NO. 2
RICHLAND PARISH POLICE JURY**

Schedule III

Status of Prior Year Findings

For the Year Ended December 31, 2012

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
Section II - Internal Control and Compliance Material to Federal Awards:				
Section III - Management Letter				

There are no prior year findings.

See accompanying notes and accountant's report.